

EXHIBIT 1

Prepaid/Debit Card Providers

Prepaid and/or debit card providers can be either first facilities based carriers (“FFBCs”), SBRs, or switchless resellers. The DAC payment responsibility will vary depending on into which of these categories the prepaid/debit card provider falls. But in some situations, the prepaid provider is none of these and has no DAC payment responsibilities; the prepaid provider is simply a marketing entity that does business with a carrier who falls into one of these categories, and it is the carrier who has the DAC payment responsibilities that accompany the particular category into which the carrier falls. The discussion which follows goes through various prepaid/debit card scenarios and discusses the DAC payment responsibilities associated with each. For purposes of this discussion, prepaid and debit card providers are treated synonymously and interchangeably.

1. FIRST FACILITIES BASED CARRIER PREPAID CARD PROVIDERS

a. Cards Offered Directly By the FFBC

Most of the major IXC's offer their own prepaid cards, and hence are prepaid providers. In the most direct model, when the end user dials the toll free number to access the prepaid platform, the call is sent over an access facility for which the major carrier has the CIC. The call will then be treated as any other access call to that carrier as the first facilities based carrier. Presumably, the FFBC will have on file where required the necessary tariffs and will have the necessary authorizations to carry this traffic. The responsibility for payment of DAC will belong to the FFBC.

b. Cards Offered As a Switchless Reseller

In some situations, the FFBC may, for its own business or other reasons, treat its prepaid card entity as a switchless reseller. All of this is transparent to the end user

and to the PSP; it is an accounting transaction between the FFBC entities. In this situation, the DAC payment responsibility will also belong to the FFBC, as it would with any other switchless reseller. Again, the FFBC will presumably have the requisite tariffs and authorizations in the name of the appropriate FFBC entity.

c. Cards Offered As an SBR

In some situations, the FFBC may treat its own prepaid entity as an SBR. While there could be a number of patterns under which this transaction could occur¹, the DAC payment obligations would fall to one of the FFBC entities. Which entity had the DAC responsibilities would depend on whether the transactions are taking place under the Old Rule or under the Current Rule, or some variant the Commission may adopt in this proceeding.

2. SBR PREPAID CARD PROVIDERS

In some situations, the prepaid provider will look like any other long distance reseller except that the provider has a prepaid platform at the switch facility that the provider uses. In this case, depending on the DAC regimen – Old Rule or Current Rule -- in which the SBR is operating, either it or the FFBC would have the DAC responsibility.

¹ It is not necessary to set forth all the possible configurations. A few examples make the point. In one configuration, the FFBC prepaid entity could own its own switch or lease an FFBC's or some other entity's switch (or a portion of the FFBC's or some other entity's switch) and put its platform at the switch and use only the FFBC's access facilities. In another possible configuration, there are the same switch options, but in some markets where the prepaid entity has enough traffic, it might buy access facilities in its own name, thus becoming for those markets the FFBC but remaining an SBR in other markets. (Of course, it is possible that any SBR, not just one associated with an FFBC, could lease access facilities in some markets, thus being an FFBC in those markets while only being an SBR in other markets.)

3. SWITCHLESS PREPAID CARD PROVIDERS

In the situation where the prepaid provider is a switchless reseller, the facilities based carrier, which may be an FFBC or an SBR, provides all the infrastructure for validation, metering, and real time debiting of the cards, as well as generating call records.² In this scenario, the switchless reseller will be responsible for filing any requisite tariffs and obtaining any requisite authorizations to provide the carrier services. The reseller markets in its own name and provides the services in its own name. Under both the Old Rule and the Current Rule, the facilities based carrier is responsible for payment of the DAC.

4. THE MARKETING ONLY PREPAID PROVIDER

In some instances, a prepaid provider can be a marketing entity only. It is easiest to see this scenario with an example of a celebrity prepaid card. Knowing of the huge base of lobbyists and lawyers trying to curry favor with the FCC and perceiving a niche, an aspiring marketer obtains the exclusive right to market the Michael Powell prepaid card (all profits except for a small fee for the entrepreneur to the Combined Federal Campaign, of course). At the same time, the marketer knows nothing of the telecommunications regulatory regime. The marketer goes to an FFBC and in return for buying all the long distance service from the FFBC, the FFBC provides the complete suite of services to implement the Michael Powell card: validation, timing, real time debiting, call control, etc. Since the marketer has no desire to get into the long distance business, the rates and charges are the FFBC's rates and charges. All that appears on

² In some configurations, the switchless reseller may collocate with the facilities based carrier's switch the reseller's own platform for validation, timing, and debiting the cards as well as generating call records. There will be a link to the switch for performing these functions.

the card is the Michael Powell image with a notation on the back of the card that the long distance “is a service of FFBC.”

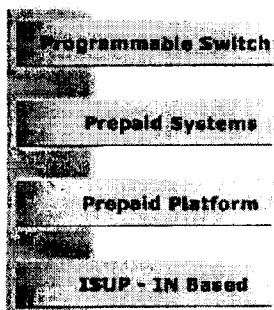
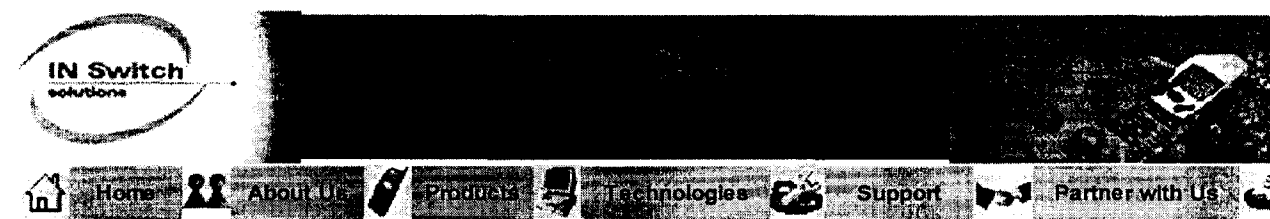
In the example, the marketer went to an FFBC. But the marketer could just as easily have gone to an SBR or even a switchless prepaid provider who would simply have added this service to its portfolio, in the same manner as the FFBC did in the example. Under any of these scenarios, the marketer is simply a customer of the carrier, and would appear nowhere in the DAC stream with any DAC responsibility; the latter would belong to the appropriate carrier.

In fact, many providers of prepaid platform services exist to accommodate marketers who simple want to offer prepaid services without being carriers. A number of companies specialize in providing these platforms. Attached are print outs of some of the web pages of one such provider, InSwitch³, which illustrates the ease with which pure marketing entities supported by SBRs can enter the prepaid card business without having any DAC responsibilities. There are many companies offering these types of “turn-key” prepaid operations. Although in theory, the SBRs or FFBCs that support these entities have DAC responsibilities, for all the reasons already discussed, the proliferation of these marketing entities and the ease with which the SBRs who generally support them can avoid their DAC responsibilities have compounded the shortfalls in the collection of DAC by PSPs.⁴

³ <http://www.inswitch.us/products/prepaid/card.htm>

⁴ This is not to say that the activities of these marketers are not legitimate. The point of course is that it is necessary to close the loopholes that allow the carriers that support these marketers to escape DAC responsibilities.

Attachment A



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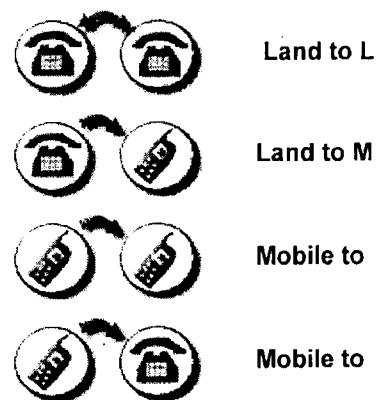
Prepaid Calling Card Platform: Overview

Our Prepaid Calling Card Platform is a turn key Prepaid and Postpaid Calling Card System and a prepaid account based solution designed to help system's integrators, and carriers, of both fixed and mobile networks, meet today's market challenges. In the increasingly competitive global prepaid calling card and prepaid mobile business, carriers need powerful, open and scalable solutions with reliable service delivery in each area of operation. Our Prepaid Calling Card Platform is a powerful cost effective solution.



Prepaid Calling Card Platform: Functional Description

The prepaid/postpaid phone card allows the customer to dial one or more designated access numbers on a touch-tone phone (land or mobile) to reach the prepaid/postpaid calling card service. The card user is guided by a programmable IVR to enter his card number and PIN number. The system then determines the current monetary balance on customer's card and announces the amount available (prepaid card) or announces money spent so far (postpaid card). The customer is instructed to enter the phone number they wish to call. The system will determine the rate and announce it (postpaid card) or announce the availability of call time left (prepaid card). The user is then connected to the requested destination. If time reaches a certain limit (configurable) the user will receive a disconnect warning. At the end of call, the system checks for caller hang up and updates user's information in the user's database.



Additional Features

Prepaid Mobile Compatible

Calling cards can be made compatible with prepaid mobile cards.

Multi Branding

On a single prepaid system, multi brands may be run, being administrated by different operators.

Ecommerce

Calling card credit, can be used to buy merchandise

Technology

In technology terms, the limit is on the switch side. We provide the widest range of technological solution from classical tromboni, loop back, up to IN solutions. But switch manufacturers, frequently charge incorporate intelligent network triggers to their switches. In most cases, our proprietary IN solution, wh require investments on the switch side, is the solution.

System Integration

Our expertise in signaling protocols allow us to seamless integrate with virtually any system

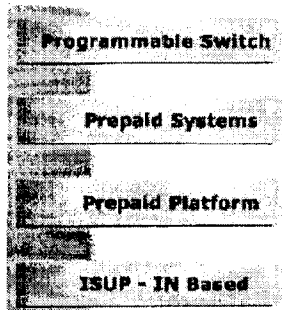
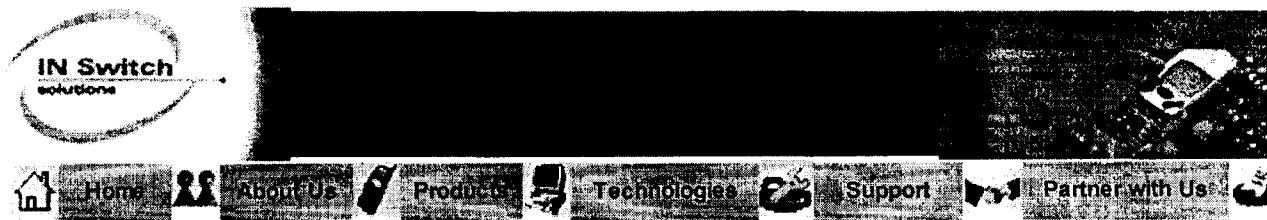
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IN Switch Solutions Inc. - Miami Florida



IN Switch Solutions

Headquarters U.S.A. - T.: (1-305) 3578076 / Fax: (1- 305) 7686260 / sales@ins
Development Center Uruguay - T.: (598-2) 7124420



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Products

Turn Key Solutions

IN Switch designs, installs and supports standard and customized, service specific turn key solutions as:

- Wireless Prepaid
- Land Prepaid
- Wireless Voicemail
- Land Voicemail
- IVR - Call Center
- SMS Centers
- Conferences
- VoIP
- isup - inmatrix
- Open Systems

IN Switch has a new line of open systems:

- Programmable Switch
- Service Creation Environment
- SS7 Solutions

If you would to receive specific information about any of these products, please Contact Us



**IN Switch
Solutions**

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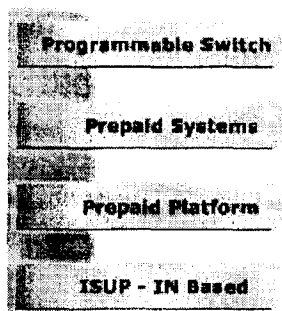
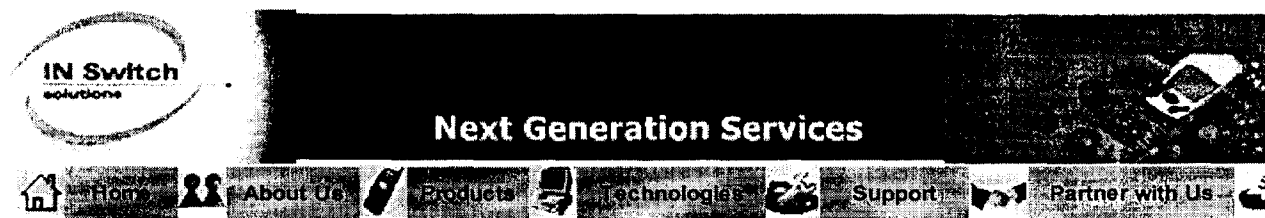
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News

Press Release: Affordable Win Technology August 13th 2002. IN SWITCH Solutions announces that starting August 2002, it will incorporate WIN technology on its products. Until now, carriers have found WIN technology very expensive if not prohibited, as most Switch manufacturers have been overcharging for the inclusion of WIN trappers.



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Prepaid Overview

Our prepaid system is the most powerful and flexible one available in the market. Through the past years, we introduced the prepaid concept into most of Latin American countries, through Africa, Asia, Russia, and Eastern Europe. Prepaid generates great revenues with little investments, but profound knowledge of the business and technologies is required, in order to prevent fraud and warranty success. Our team has achieved prepaid expertise, by designing implementing, launching and supporting dozens of wireless and land prepaid systems.

Prepaid Add Ons

Launching a prepaid service is just the beginning. To stay competitive and keep on growing in today's crowded marketplace, operators need to implement new services constantly. We provide over 30 pre designed, ready to activate, value added services:

Roam Tariff
Friends and Family
External Account Reload
Double Base
PBA
Billing
Global Prepaid
Phone Book

Multiple Tariff
Kids Plan
Debit Card
Controlled Account
Periodical Charges
Recharge
Electronic Cashier
Call collect

Technology

In technology terms, the limit is on the switch side. We provide the widest range of technological solutions available, from classical tromboni, loop back, up to IN solutions. But switch manufacturers, frequently charge millions to incorporate intelligent network triggers to their switches. In most cases, our propriety IN solution, which doesn't require investments on the switch side, is the solution.

System Integration

Our expertise in signaling protocols allow us to seamless integrate with virtually any system.

Card

Prepaid

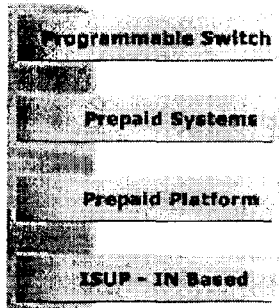
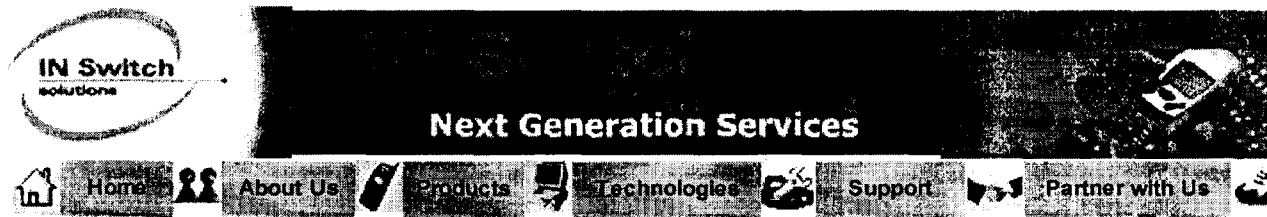
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IN Switch Solutions Inc. - Miami Florida



IN Switch Solutions

Headquarters U.S.A. - T.: (1-305) 3578076 / Fax: (1-305) 7686260 / sales@ins
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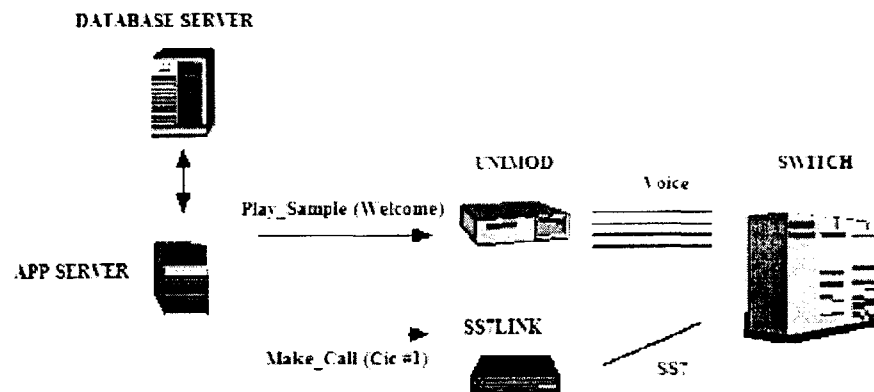
Prepaid Platform: Overview

Our Prepaid Platform is a turnkey prepaid and postpaid calling card and account based platform designed to help calling card carriers, and prepaid wireless providers, both fixed and mobile, meet market challenges. In the increasingly competitive global prepaid calling card and prepaid mobile business, carriers need powerful, open and scalable solutions with reliable service delivery in each area of operation. Our Prepaid Platform is a powerful cost effective solution.

Prepaid Platform: Architecture



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- SWITCH:** Any commercial wireline or wireless Telecom Switch
- UNIMOD:** Voice trunks, module, from 2 E1s and up. It has voice process capabilities, as play samples, detect DTMF digits, connect and disconnect channels, etc.
- SS7LINK:** Our SS7 signaling module. It incorporates routes definitions, S support, and IN technology.
- DATABASE SERVER:** A standard database server, where prepaid accounts, and customer profiles are kept
- APP SERVER:** The main application's server. The application server controls the voice trunk module and the signaling module through a TCP-IP commands interface.

Prepaid Platform Services Add Ons

Launching a prepaid service is just the beginning. To stay competitive and keep on growing in today's crowded marketplace, operators need to implement new services constantly. We provide over 30 pre designed, ready to activate, value added services:

Roam Tariff	Multiple Tariff
Friends and Family	Kids Plan
External Account Reload	Debit Card
Double Base	Controlled Account
PBA	Periodical Charges
Billing	Recharge
Global Prepaid	Electronic Cashier
Phone Book	Call collect

Technology

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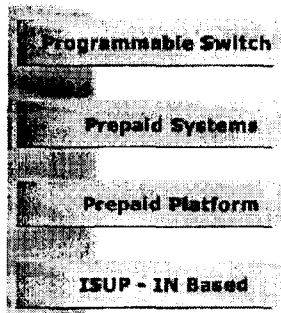
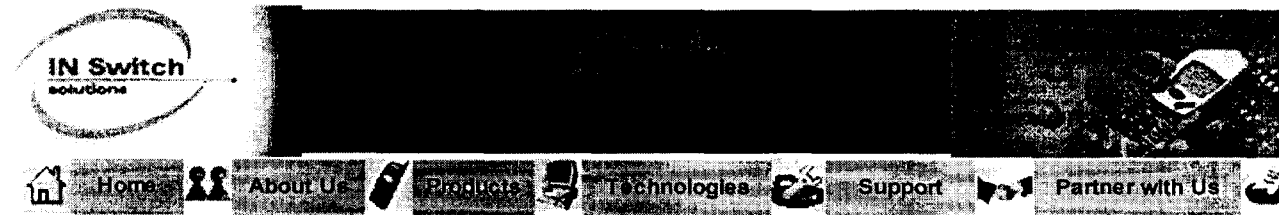
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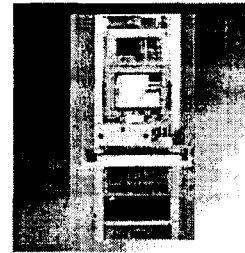
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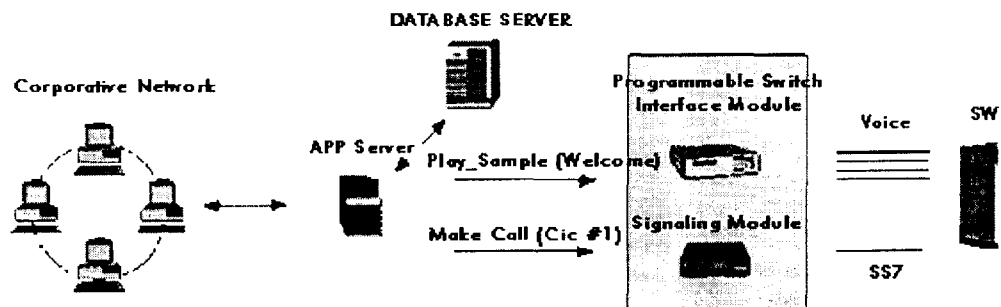
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INmatrix: Programmable Switch

System's integrators and telecom carriers invest millions in closed, single-functional property systems, as voicemails, prepaid platforms and ivrs, which most probably never operate exactly as originally desired. Additionally, even the slightest software modification usually involves major costs, and considerable time delays. INmatrix is an open programmable Telecom Switch with voice resources which provides full access without restrictions, to all the switch resources, through a simple set of commands.



INmatrix: Architecture



INmatrix Services

INmatrix can easily be programmed and configured to run **any** service, or even a combination of different simultaneous services which share the switch resources. Services are defined on an application server side, in any of the standard software programming language, without requiring any telephony programming specific knowledge. This approach allows operators to define their own services, and modified them as required without involving further costs. On the other side, system integrators can build a wide spectrum of telecom systems based on a standard architecture, without requiring a telephony specific highly trained, software department, concentrating their resources on selling and promoting their systems.

Optional Software Components

If required, INmatrix pre built services are available, as well as a graphical service creation environment, INbuilder.

White Papers

If you would like to receive additional information about **IN Switch** products,
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IN Switch Solutions Inc. - Miami Florida



IN Switch Solutions

Headquarters U.S.A. - T.: (1-305) 3578076 / Fax: (1- 305) 7686260 / sales@ins
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EXHIBIT 2

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

_____)	
In the Matter of)	
)	
Implementation of the Pay Telephone)	CC Docket No. 96-128
Reclassification and Compensation)	
Provisions of the Telecommunications)	File No. NSD-L-99-34
Act of 1996)	
_____)	

DECLARATION OF RUTH JAEGER

1. I am Acting President of the American Public Communications Council Services, Inc. ("APCC Services"), which operates a "dial-around" compensation clearinghouse that collects federally mandated compensation for access code and "toll free" calls made from payphones on behalf of about 1,800 payphone service providers ("PSPs") operating over 400,000 public pay telephones. I have been with APCC Services for four years and I am intimately involved with its operations.

2. In my capacity as Acting President of APCC Services, I have gained a great deal of experience regarding the dial-around compensation payment system and how it operates in practice. I communicate daily with carrier representatives and our PSP clients regarding the dial-around payment process.

Clearinghouses and How They Function

3. Clearinghouses exist on both the PSP side and the carrier side. On the PSP side, there are a handful of clearinghouses, or as they are known in the industry, billing aggregators. The largest of these is APCC Services, Inc., and its process is typical. During each billing cycle,¹ APCC Services receives from each of its PSP customers a list of payphones, each identified by its telephone number, or “ANI,” to be submitted for payment of dial-around compensation. In general, APCC Services cannot validate whether the lists are accurate, *i.e.*, whether the ANIs in the lists belong to the PSPs submitting them and meet the Commission’s criteria for eligibility for payment. There is some quality control that will catch gross errors. For example, if a particular PSP’s ANI count, *i.e.*, the number of payphones for which the PSP is seeking compensation, increases or decreases dramatically, it may be picked up by the APCC Services staff and the staff may conduct an inquiry to try to make sure the PSP intended to submit the list or lists as they were submitted.² The individual PSP lists are combined and aggregated into a single list and put into a format that will be processed by and is compatible with the processing capabilities of the carrier clearinghouses and individual interexchange carriers (“IXCs”). The CDs containing the lists are then sent to hundreds of IXCs,³ including the IXC clearinghouses.

¹ Billing for DAC is quarterly.

² Small variations in the number of ANIs and the actual ANIs submitted are routine and generally reflect the start of service for new payphones or the removal from service of an existing payphone.

³ The PSPs have no way of knowing which of the carriers may be first facilities based carriers in some markets and which are pure facilities based resellers. The only way to attempt to capture all the DAC that is due is to send the bills to all the carriers that APCC Services can identify.

4. Once payment is received by the PSP clearinghouse, the accompanying data is disaggregated and broken out into reports for individual PSPs. APCC Services receives payment from about 60 carriers, and the carrier reports for each PSP and for each ANI are combined into a report for all the carriers for each PSP. Each PSP is sent a report showing the payment received for each of that PSP's ANIs along with the ANI specific detail information required by the Commission's rules, assuming it has been sent by the IXC or the IXC clearinghouse. The report may also contain information, e.g., identifying ANIs that the carrier disputed and did not pay for, ANIs on which the carrier paid the "surrogate" instead of per call compensation, etc. Again, there is some effort at quality control,⁴ but APCC Services, as the billing aggregator for the PSPs, is dependent on the data received from the carriers or their clearinghouses.

5. On the carrier side, the process is similarly dependent on data received from other sources. The IXCs and their payment clearinghouses begin with the ANI lists submitted by the PSP or the PSP billing aggregator. That list is compared with LEC ANI lists, which are lists of payphone ANIs in service and presumably eligible for payment that the IXC or its payment clearinghouse receives from the various LECs. While the lists are compared to validate that the ANIs submitted by the PSPs match with an ANI on a LEC ANI list, the IXC payment clearinghouse does not independently check either list. Thus, if there is an ANI on the PSP list that does not have a counterpart on the LEC ANI list, the IXC payment clearinghouse simply does not pay DAC on the "disputed" ANI;⁵ there is no effort made by the IXC clearinghouse to find

⁴ For example, if a particular ANI was paid for an excessive number of calls, there may be consultation with the carrier(s) and/or PSP to ascertain whether there was an error or whether there may be some other irregularity involved.

⁵ ANI mismatches, or disputed ANIs, are a major source of contention. It is not only the ANI that has to match up; for example, the billing name and address for the ANI must also match. In some cases, small discrepancies are used as the basis for an IXC payment clearinghouse to deny payment on an ANI. For example, a PSP may

the source of the error. It is left to the PSP to attempt to get the error corrected in time to try to get payment for the ANI in a later payment cycle. Similarly, if there is an ANI on the LEC list for which no PSP seeks payment, the IXC clearinghouse makes no effort to ascertain which PSP should be paid for that ANI.⁶

6. Once the IXC's payment clearinghouse has a list of ANIs for which the IXC intends to pay, the list of ANIs must in some manner be matched up against the calls contained in each IXC's records for each of the ANIs. This process may be done by the payment clearinghouse based on data sent to the clearinghouse by its IXC customer(s) or it may be done by the IXC after the clearinghouse sends the list of validated ANIs to the IXC(s). In either case, the process is entirely dependent on the data and call tracking records generated by the IXCs, for which the clearinghouse has no responsibility and for which the clearinghouse does no independent validation.

7. Once the number of calls for each ANI has been ascertained, the IXC payment clearinghouse produces a report for each ANI for each of its carrier customers.⁷ Those reports are then translated into payment due each ANI and

show the billing address as at a particular "St." address in "N.Y.C., NY" whereas the LEC list may show the billing ANI as at the same "Street" address and perhaps also in "New York, New York". Any combination of these mismatches can create a mismatch which can cause the ANI not to be paid by the IXC payment clearinghouse. Other issues can also create disputed ANIs, such as area code mismatches when area code changes occur. The ANI will be in the PSP data base with the old area code and the LEC list will show it under the new area code. The IXC payment clearinghouse may or may not make an effort to correct these kinds of mismatches before denying payment on the basis of lack of verification.

⁶ The description of IXC payment clearinghouse functions contained in the text, while mechanical in that it describes the steps, is intended to be conceptual. The steps could occur in different sequence or at a different place in the clearinghouse/payment process. Similarly, the exact process by which a particular step in the payment process is effectuated may differ from the mechanical description contained in the text.

⁷ Again, there may be different divisions of labor between the clearinghouse and each of its IXC customers. Some IXCs may do different of the compilation functions or have the clearinghouse do it. But the central point is the same: the clearinghouse is

aggregated up to the payment due each PSP and in turn the various PSP aggregators. At the appropriate time in the billing cycle, the money necessary to pay the PSPs and the aggregators will be transferred between the IXC and its payment clearinghouse and transmitted on to the PSPs and the PSP billing aggregators.

The Hardship Imposed Under the “Old Rules”

8. Under the FCC rules in effect from October 7, 1997 through November 22, 2001 (“old rules”), which required PSPs to collect compensation for calls routed to certain “switch-based” resellers directly from the resellers, PSPs faced several extremely burdensome tasks: (1) identifying switch-based resellers; (2) estimating each reseller’s volume of calls received from payphones in order to determine which resellers are worthwhile candidates for collection efforts and lawsuits to enforce payment; (3) finding those resellers; and (4) attempting to extract payment from each of those resellers. These tasks entailed huge difficulty and expense, and met with only limited success.

9. Under the “old rules,” IXCs generally provided little or no information to PSPs about calls routed to resellers. In their statements accompanying payment, IXCs provided only a monthly total of compensated calls for each payphone. They did not identify the number of calls that were not paid because they were routed to “switch-based resellers,” and often resisted even identifying the resellers involved. In those cases where PSPs extracted information about the identities of IXC customers that the IXC claimed to be switch-based resellers, the IXC asserted that it was not required to provide any information more detailed than the resellers’ names, and often claimed that

entirely dependent on the accuracy of the information provided by the IXC and does no independent data verification.

it could not do so due to customer confidentiality concerns. Furthermore, it appeared that IXCs often classified their customers as switch-based resellers without actual inquiry to the customer to determine whether the customer “identified itself” as a switch-based reseller and/or acknowledged an obligation to pay dial-around compensation directly to PSPs. Some IXCs apparently classified customers as switch-based resellers to justify non-payment for calls routed to the customer, even though the IXC continued to collect a compensation “pass-through” charge from the customer.

10. When switch-based resellers did, in fact, pay DAC, the data or information provided along with the payment were often insufficient or altogether absent. Approximately 60 companies did not use any IXC clearinghouse for compensation payments, and came up with their own direct payment schemes, which resulted in inconsistent formats, or even worse, no accompanying data to explain the amount of payment. In most cases, when data were produced, APCC Services had no alternative to “trusting” the data supplied by the switch-based reseller, because there was no practical way to determine whether the data supplied in support of the payments were accurate. Moreover, payment by resellers who actually made payments were generally late, coming in 30-40 days after the major IXCs made their payments.

11. The information deficit, however, was only one part of the problem. Even when switch-based resellers could be identified, it proved to be extremely difficult and often prohibitively expensive to collect from switch-based resellers. Neither APCC Services nor its client PSPs normally have business relationships with resellers that could provide a source of leverage to exact payment. Like the large facilities-based IXCs, resellers had little reason to pay compensation voluntarily. The FCC has stated that there is a statutory prohibition against PSPs blocking calls made to call-processing

platforms, including resellers' platforms. And, unlike the large IXC's, most resellers have low profiles and often could avoid paying their compensation obligations for long periods of time without incurring litigation by PSPs.

12. In addition, given the low profile, the small amount owed, and the low budget of the average reseller, the PSP seeking to collect from a reseller was required to perform numerous costly and burdensome tasks that are avoided or simplified when a PSP seeks to collect from a facilities-based carrier. Initially, as discussed above, the reseller must be identified, and a means of contact established; this task alone could require hours of research. Next, the PSPs had to make at least an educated guess at the reseller's average volume of payphone calls, in order to determine whether the reseller was worth pursuing. Under the old rule this was a very inefficient and unscientific process for PSPs. Even when switch-based resellers could be identified, in the absence of adequate data quantifying the calls routed to each, there was no way for PSPs to reliably distinguish, without extensive investigation, those resellers that owed amounts sufficient to justify the cost of collection from those that did not.

13. After identifying target resellers, it was almost always necessary to make repeated demands for payment, with escalating levels of threat, in order to have any chance of inducing payment. Not only did the reseller lack any incentive to pay voluntarily, but the reseller was typically not adequately staffed to handle tracking and payment responsibilities. The "infrastructure" necessary to support compensation payments was absent. Often there was no employee with the responsibility to deal with PSPs and compensation – or if there was, that person was distracted by numerous other responsibilities.

14. To deal with the burdens of collecting from resellers, APCC Services had one full-time staff member whose job was solely to research resellers, attempt to identify those with high call volumes, determine how to contact them, and make repeated e-mails and phone calls seeking payments. Other staff members also pursued these activities as time allowed. Much of the time and effort dedicated to tracking down the resellers led to negligible results. This was especially true since many of the switch-based resellers refused to respond to inquiries by APCC Services about dial-around compensation responsibility.

15. APCC Services, as well as other clearinghouse entities, incurred very high costs in chasing, dunning, and frequently suing resellers, dozens of whom went bankrupt before the full amount, if any, of the compensation owed could be collected. Out of 1,175 carriers “billed” in Fourth Quarter 1999, for example, APCC Services received payments from 89, or roughly 8%, of the 1,175 companies billed. Many of the companies billed simply ignored APCC Services’ request for payment, or proved to be no longer in business. Most of those responding claimed they were not “switch-based” resellers.

16. Under the old rules, APCC Services initiated 66 proceedings at the FCC or in federal courts against switch-based resellers who owed per-call compensation to PSPs – a small fraction of the total number of nonpaying carriers. APCC Services is still pursuing collection proceedings against 16 resellers for compensation owed during the 1997-2001 period. In several years worth of litigation, APCC Services believes it has collected only a small fraction of the total amount owed by switch-based resellers.

17. Not only was it very difficult and expensive to collect from resellers, but the payoff was usually small and often compared unfavorably with the costs incurred. In the 1999-2001 period, out of every \$100 collected by APCC Services, the facilities-based carriers paid about \$93.50, while switch-based resellers paid about \$6.50 – an average of in the neighborhood of ten cents per reseller, or roughly 0.1% of the total dial-around payment.

18. These numbers, of course, address only the compensation actually collected. They do not include resellers from whom collection efforts were unsuccessful, and resellers from which APCC Services did not even try to collect because it didn't identify them, couldn't find them, or determined that the cost of collecting would not exceed the likely payoff.

19. This dispersal of compensation obligations among hundreds of switch-based resellers, most of whom were individually too small to be economical targets of PSPs' collection efforts, *guaranteed* that a large percentage of the total compensation owed would fall through the cracks of the compensation system.

Examples of the Collection Burdens Under the Old Rule

20. In 1999, APCC Services sought compensation from a reseller owned and operated by two individuals who, after months of tortuous pursuit, admitted they owed APCC Services for uncompensated dial-around compensation. The reseller then began making payments to APCC Services. However, this reseller subsequently went into bankruptcy and therefore terminated its payments. To make matters worse, in August of 2002, trustees of this reseller sued APCC Services to "take back" portions of their payments to APCC Services due to the reseller's bankruptcy. APCC Services was

forced into litigation proceedings and was required to spend additional attorney's fees in an attempt to retain the money rightfully due to its customers. Ten months later, this proceeding is still pending.⁸

21. In October of 2000, the same two individuals that had owned the now bankrupt entity re-emerged with a new company offering similar services. Unsurprisingly, this new switch-based reseller did not meet its dial-around compensation obligations and did not respond to APCC Services' requests for payments. In March of 2002, APCC Services initiated a lawsuit against this reseller at the Federal Communications Commission ("FCC"). After a year of litigation and attorney's fees, APCC Services determined that further pursuit of this reseller would not outweigh the costs of litigation. As a result, APCC Services clients have not been fully compensated by this re-emerged reseller, and thus, have been shortchanged again by the same two owners.

22. Under the old rule, APCC Services typically had no alternative but to "trust" the data supplied by the reseller, even though we knew the reseller had every incentive to fail to provide an accurate count of compensable calls. As an example of this compromising dilemma, in November 2001, a reseller contacted APCC Services and stated that it was interested in entering into a direct relationship with APCC Services' customers "as encouraged by the FCC in its Second and Third Orders on

⁸ Currently, there are other pending suits filed against APCC Services in which a reseller's trustee in bankruptcy is seeking to "take back" previously paid compensation. APCC Services remains vulnerable to similar suits. Often when APCC Services found a reseller, we demanded payment for back quarters. These back payments, which are alleged not to be made in the normal course of business, are particularly vulnerable in the case of a subsequent bankruptcy. There are a number of other switch-based resellers which recently filed for bankruptcy and may sue to "take back" prior compensation payments.

Reconsideration.” This reseller claimed it had been fully compensating APCC Services through an IXC clearinghouse for the pre-November 2001 period. APCC Services learned, however, that the reseller had only paid a total of approximately \$550 for seven quarters worth of traffic (January 2000 through September 2001). This figure seemed exceptionally low considering that the company’s annual revenues exceeded 50 million dollars. Accordingly, in December of 2001, APCC Services sent invoice CDs to the reseller and requested that the reseller confirm that APCC Services was paid correctly for the pre-November 2001 period.

23. In February 2002, after a series of discussions, the reseller acknowledged that it had under-compensated APCC Services by approximately \$50,000, an amount almost 100 times greater than what they had previously paid APCC Services. Importantly, like most of the resellers who actually make payments (either on their own initiative or as a result of litigation efforts by APCC Services), the data supplied was inadequate to support the payment. This was especially alarming to APCC Services because of the high revenues which this reseller was achieving. APCC Services requested supporting data.

24. It was not until April of 2002, after threatening litigation, that APCC Services actually received the \$50,000 payment and some supporting data; however, the data could not be corroborated.⁹ APCC Services remains entirely uncertain whether the amount paid is an accurate payout for the periods in question.

⁹ In several cases where APCC Services litigated against switch-based resellers at the FCC, the resellers claimed that due to a “computer crash” or other unsupported reasons, the call-detail records for the periods in question were no longer available. However, as discussed below, subsequently when the *Fifth Order on Reconsideration* retroactively mandated per payphone payments for carriers who had not paid per-call compensation, some resellers conveniently found, “as luck would have it,” their call-

Collection Problems Have Continued Even for the “True Up”

25. Lack of information on resellers and their dial-around call counts is only one aspect of the problem. Even when the identity of the reseller and the amount owed are known, collection from resellers poses major problems due to the small amounts of compensation owed by each reseller and their apparent determination to avoid payment whenever possible. An example of this phenomenon is provided by APCC Services’ efforts to collect per-phone compensation for prior periods pursuant to the FCC’s “true-up” orders.¹⁰ Appendices to the *Fifth Order on Reconsideration* specifically identify more than [400] carriers, including many resellers, and their per-payphone compensation obligations for prior periods. Accordingly, collection of the compensation owed under the “true-up” orders should have been enormously simplified. This, however, is not the case.

26. To begin with, APCC Services could locate only 325 of the carriers listed, many of whom had never previously paid dial-around compensation to APCC Services clients. Most of these carriers owed very small individual amounts. Invoices were sent to the 325 carriers in March and April of this year. Out of all the invoices sent, only about 50 carriers have actually responded. Their responses have varied from a mere acknowledgement that they received APCC Services’ invoices (not actual payment), to notices of bankruptcy. Some carriers even claimed that formerly missing call-detail records were, “as luck would have it,” now located and that, even though they had not

detail records for these periods, and sought to avoid paying the higher per-phone amount.

¹⁰ See *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Fourth Order on Reconsideration and Order on Remand, 17 FCC Rcd. 2020 (2002) and *Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Fifth Order on Reconsideration and Order on Remand on Remand, 17 FCC Rcd. 21274 (2002)(“*Fifth Order on Reconsideration*”).

previously paid any per-call compensation, they promised to pay a small amount of per-call compensation (based on their own new-found “records”) rather than pay the larger amount of per-phone compensation listed in the FCC order.

27. So far, only a few of the small carriers have actually paid, with the amounts paid totaling about \$100,000. As noted, about 275 carriers did not respond at all.

28. As with its attempts to collect the amounts owed by resellers on a current basis, APCC Services must now determine which of the non-paying “true-up” carriers are worth pursuing. Fortunately, in the “true-up” the FCC allocated payments to carriers based on the CICs to which calls were routed, an allocation that appears to correlate closely with the distribution of calls among first-switch carriers. Under this allocation, a much higher percentage of the compensation owed can be collected from a small number of carriers. The collection dilemma and its economic consequences to PSPs would be greatly aggravated if the FCC reinstated its old rule under which a much larger portion of the compensation owed is supposed to be paid by hundreds of switch-based resellers.

The Sharp Contrast and Elimination of Many of the Problems After November 2001

29. Since the “old rules” have been changed to require the first facilities-based carrier to compensate payphone providers for all the calls they carry, including calls completed by switch-based resellers, a significant number of the problems with the compensation system have been eradicated or greatly simplified.

30. For the most part, APCC Services no longer needs to deal with resellers. We no longer need to incur the high costs of identifying switch-based resellers,

estimating their payphone call volumes, determining which resellers are worthwhile candidates for collection efforts, finding those resellers, and litigating against these resellers in an attempt to extract payment from them. While APCC Services does need to continue these activities in order to complete its still-continuing collection efforts for the pre-November 2001 period, on a going-forward basis, APCC Services is no longer required to chase after hundreds of resellers, and expend large sums in litigation with an uncertain return.

31. It is not simple to measure precisely the impact of the November 2001 rule change on compensation revenues, because it is difficult to isolate changes in collection due to the shift in responsibility for reseller calls from other compensation trends that may be occurring over time. One unusual recent occurrence, however, did give APCC Services an opportunity to estimate the impact of the November 2001 rule change. Sprint's DAC payment for the Fourth Quarter of 2001 did not include any payments for its switch-based resellers in its payment to APCC Services. Sprint apparently believed that in remanding the FCC's Second Order on Reconsideration, the court of appeals had vacated the current rule, and that Sprint therefore was permitted to refuse to pay for calls routed to switch-based resellers. See Attachment A. When the court subsequently issued a decision leaving the current rule in effect at least until September 30, 2003, Sprint released an additional payment that amounted to 10% of its total payment.

32. Sprint thus acknowledged, in effect, its belief that approximately 10% of its current dial-around compensation payments represent calls that were completed by switch-based resellers. While the 10% figure seems small,¹¹ we used it as a conservative

¹¹ Sprint previously estimated that about 26% of the payphone calls completed over its network were terminated to switch-based resellers. If the 10% figure represents the percentage of Sprint's payphone calls that were routed to switch-based resellers *and* completed to end users, then Sprint's resellers would have an average completion rate

estimate of the percentage of Sprint's compensable calls that are completed by switch-based resellers. We also conservatively estimated that 10% of the compensation payments of other first-switch carriers, with the exception of AT&T, are completed by switch-based resellers.¹² Continuing our conservative approach, we assumed that AT&T carries no switch-based reseller traffic from payphones.¹³ Using the 10% figure, we computed the estimated per-call payments and compensable for calls completed by switch-based resellers for each carrier for the first three quarters of 2002.¹⁴

33. We compared these estimates for the post-November 2001 period with the average per-call payments APCC Services received from resellers (similarly computed as a per-phone average) prior to November 2001 – specifically, for the first three quarters of 2000 and 2001. The results are shown on the attached graph. See Attachment B. Under the conservative approach employed, the average payment received for each payphone for switch-based reseller calls in the post-November 2001 period is 50% higher than the average payments received from resellers for the pre-November 2001 period.

of less than 40% -- a very, very, low completion percentage. It is, of course, possible that Sprint's resellers are underreporting completion of their calls.

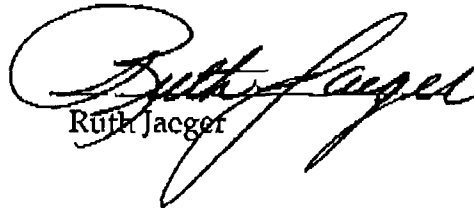
¹² This assumption is also conservative, because, since the effective date of the current rule, numerous resellers have identified themselves to APCC Services as customers of each of the top five IXC's other than AT&T. MCI had previously informed APCC Services that about one quarter of its payphone traffic was sent to resellers. Qwest and Global Crossing are generally reputed to have a large number of reseller customers.

¹³ Very few resellers have identified themselves to APCC Services as customers of AT&T.

¹⁴ These are the first three full quarters for which compensation has been paid under the current rule. While the payment date for the fourth quarter of 2002 has passed, payment for that quarter cannot be considered complete because a substantial amount of the compensation ultimately paid for that quarter has been delayed until the next payment cycle.

34. Another indication of the difference between the current rule and the old rule is provided by data that Global Crossing has made available to PSPs. The data show the volumes of calls that Global Crossing says were routed to each reseller from each ANI, each month, under the old rule. APCC Services received compensation payments from only a portion of the resellers named by Global Crossing. We used the data to estimate the minimum percentage of Global Crossing's switch-based resellers calls that remained *unpaid* based on two very conservative (and unrealistic) assumptions. First, we assumed that the switch-based resellers who did pay APCC Services some compensation had no other underlying IXC's than Global Crossing; *i.e.*, we assumed that all calls for which those resellers paid APCC Services were carried by Global Crossing. Second, we assumed that the resellers that did pay APCC Services something paid for *all* their completed calls. Based on these assumptions, we compared the number of calls those resellers paid for with the number of calls attributed to those resellers by Global Crossing, and used the ratio of the two numbers to determine a completion rate. Then we applied that completion rate to all the calls that Global Crossing attributed to switch-based resellers, and compared the resulting estimate of completed calls with the calls paid for by the named resellers. We determined that, in the eight quarters prior to November 2001, a *minimum* of 55.9% of the switch-based reseller calls that originated from payphones and were carried on Global Crossing's network went unpaid. See Attachment C. Therefore, we should expect that Global Crossing and other carriers will pay for more than twice as many switch-based reseller calls post-November 2001 than the resellers themselves paid for prior to November 2001.

I declare under penalty of perjury that the foregoing is true and correct.
Executed on June 23, 2003.



Ruth Jaeger

Attachment A



April 11, 2003

Dear Payphone Service Provider:

A Per-Call Dial Around Compensation payment has been wired to your account on behalf of Sprint. Attached to this email is Summary data by Carrier and a letter from Sprint explaining the addition payment.

If detail records for this payment are not received either by e-mail or BC Webtrack and you wish to receive them, please contact the Dial Around Compensation group within 30 days and we will provide them to you.

If you have any questions concerning the enclosed information, please contact me at 210-949-7109, or via e-mail at peggy.gaitan@billingconcepts.com.

Yours truly,

Peggy Gaitan
Dial Around Compensation Manager



April 7, 2003

Payphone Owner:

This letter accompanies a supplemental payment for Fourth Quarter 2002 payphone compensation. The payment reflects payphone compensation for facilities-based resellers ("FBRs") on Sprint's network during the quarter. Quarterly payment for Sprint's other traffic was made on April 1, 2003.

Sprint found it necessary to process compensation payments for FBR calls separately from Sprint's other calls because of a January appellate court ruling on the Federal Communications Commission ("FCC") orders governing payphone compensation for FBR calls.

As you may know, on January 21, 2003, the U.S. Court of Appeals for the District of Columbia Circuit struck down the FCC orders that require first-switch interexchange carriers like Sprint to report and pay payphone compensation on behalf of FBRs. Sprint, et al. v. FCC, 315 F.3d 369 (D.C. Cir. 2003). In further orders dated April 1, 2003, the court confirmed that it has "vacated" or stricken these regulations, and announced that its order becomes effective on September 30, 2003.

Sprint will continue to report and make quarterly payphone compensation payments on behalf of FBRs until September 30. After that date, the current regulations will be vacated back to original effective date of November 23, 2001. The prior rules – by which FBRs have been responsible for their own reporting and payment obligations – will again apply to the industry. Accordingly, once the Court's decision become effective, Sprint will have the right to disclaim responsibility for FBR calls during the time the vacated regulations were in place. This may include, at Sprint's option, offsetting future compensation payments to reflect amounts paid on behalf of any FBR. However, at this time, Sprint has not decided whether, or for what period, to exercise that right. Sprint will keep you informed of its future decisions in that regard.



Dial Around Compensation
7411 John Smith Drive
Suite 200
San Antonio, Texas 78229

APCC

Payment Date 2003/03/31

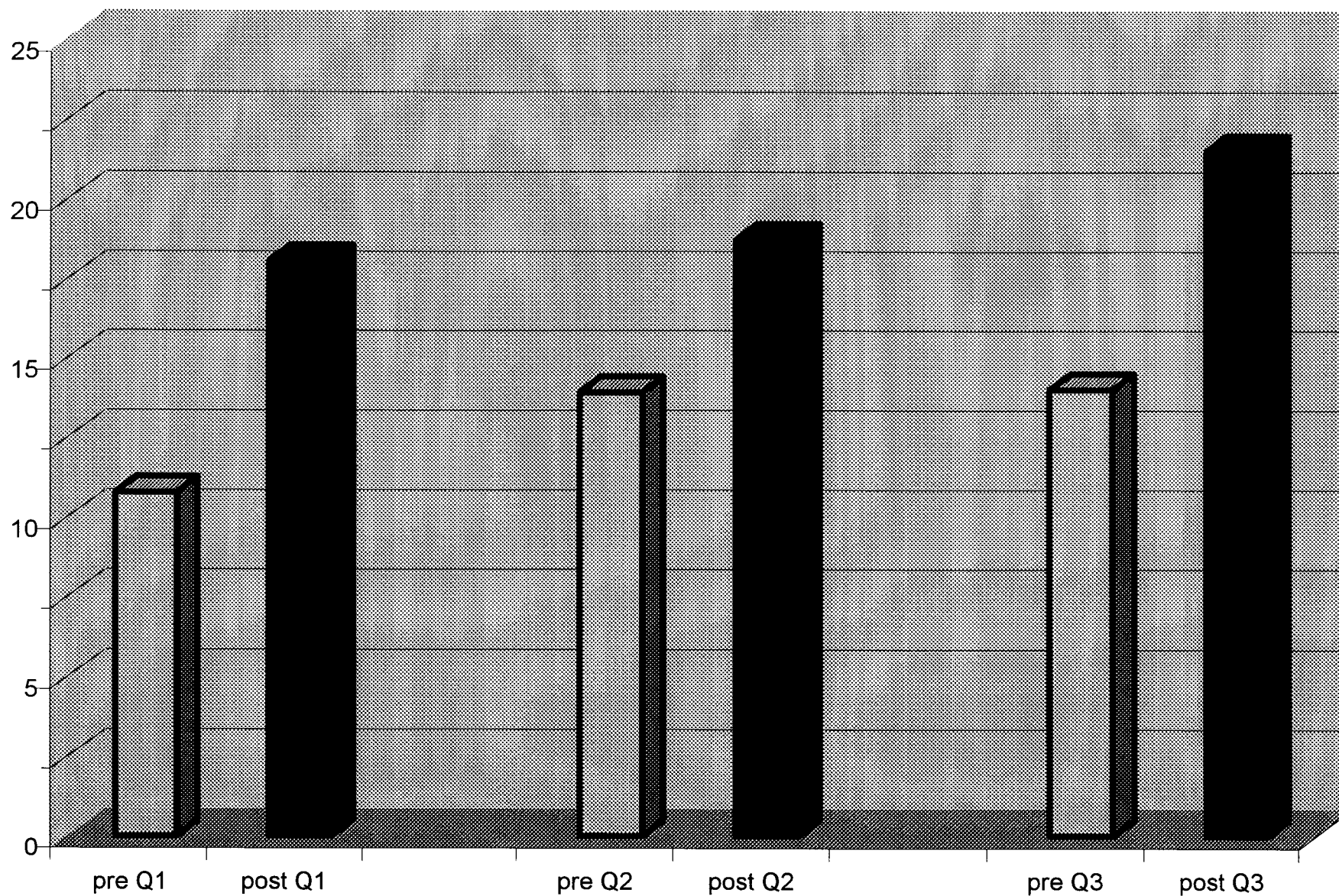
Total Payment \$ 238828.08

(SPR) SPRINT

4Qtr02	00995117	\$	238828.08
Total	995117	\$	238828.08

Attachment B

**Pre-November 2001 Compensated Calls vs. Post-November 2001
Compensated Calls (Conservatively Estimated) Routed to Switch-
Based Resellers**



Attachment C

**Minimum Percentage of Global Crossing Switch-Based Reseller Calls
that were not Compensated Pre-November 2001**

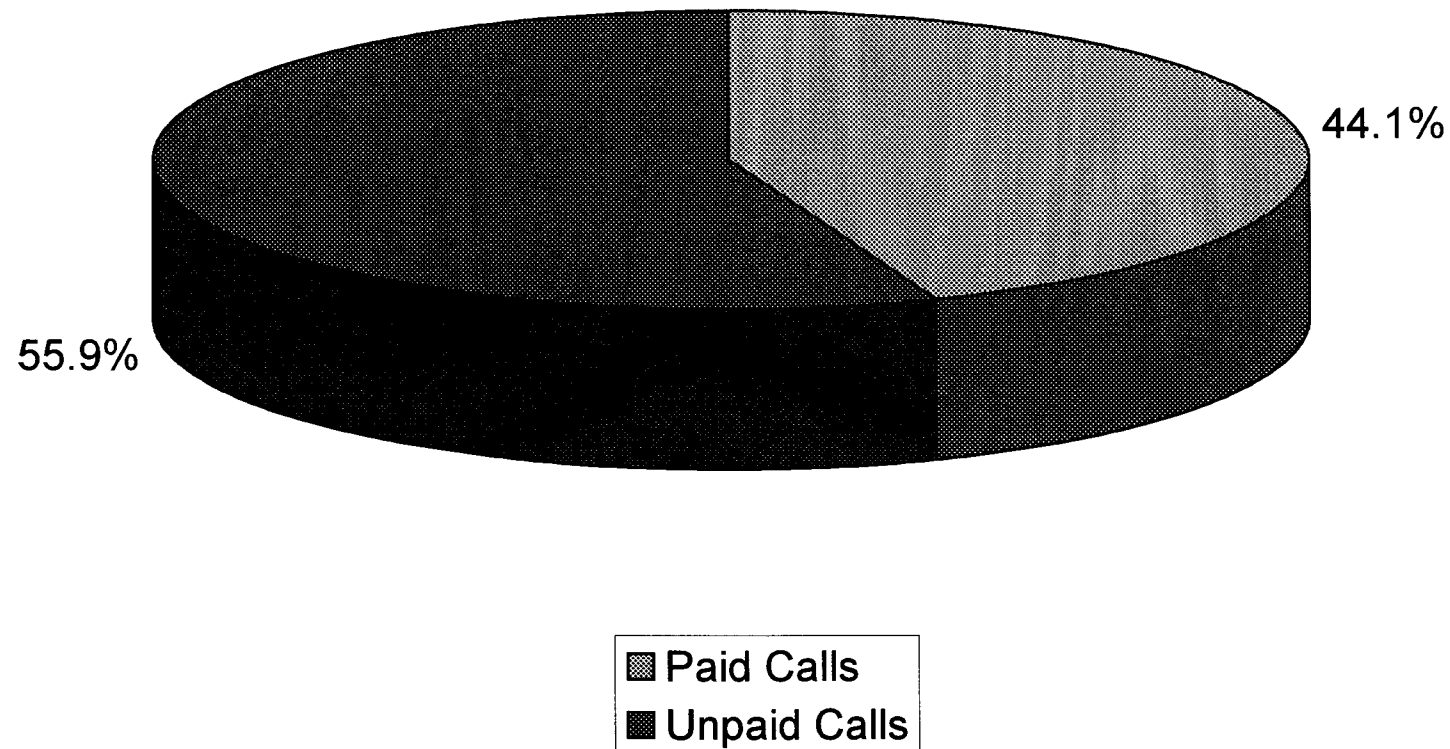


EXHIBIT 3

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

_____)	
In the Matter of)	
)	
Implementation of the Pay Telephone)	CC Docket No. 96-128
Reclassification and Compensation)	
Provisions of the Telecommunications)	File No. NSD-L-99-34
Act of 1996)	
_____)	

DECLARATION OF ARTHUR COOPER

1. I am President of ACTEL, an independent payphone company with its headquarters in Randolph, NJ serving the State of New Jersey. I have been providing payphone service since November, 1987. During the years 2000, 2001, and 2002 I owned and operated approximately 300 payphones. I also managed approximately 1200 additional payphones. I am President of the New Jersey Payphone Association (NJPA) and an active member of American Public Communications Council (APCC).

2. Unlike the vast majority of the independent payphone providers I have met, I have substantial database and spreadsheet expertise and experience. As a result, I have been able to deal with the large volume of call detail statistics generated by the relatively small number of payphones that I own and operate myself. I have devoted an extraordinary amount of time – often at the cost of other aspects of my business – to developing computer models for analyzing dial-around calling data, reviewing and analyzing that calling data, and energetically pursuing correct dial-around compensation payments from IXC's who have either underpaid me or not paid me at all.

Based on the results of the analysis, which primarily involved a comparison of call detail records from my payphones with actual payments made to me through APCC Services (APCCS) and Private Payphone Owners Network (PPON) as my designated dial around aggregators, I prepared invoices, submitted them to carriers, and then followed through with demands for correct payment from those carriers whose payments deviate from the amounts indicated by my analysis.

3. Prior to the Commission's amendment of its compensation rule to shift responsibility for reseller calls to the first facilities-based IXC, the process of estimating and pursuing compensation payments was extremely complex, time-consuming and expensive, due to the sheer number of resellers, their low degree of participation in the dial-around compensation process, and the difficulties involved in identifying resellers and estimating their dial-around calling volumes. Under the "old rules," I had to develop elaborate procedures for identifying resellers, matching them with call records and establishing their respective volumes of dial-around calls. After establishing my models and procedures, I still devoted many, many hours per month to the tasks of maintaining and processing computerized call records, updating the identities of resellers and their toll-free numbers, preparing and submitting bills, auditing the payments received, and ultimately pursuing payment from underpaying and non-paying carriers. It was the latter that was the most time consuming.

4. I obtained calling records for my payphones by polling my phones every day and uploading the call detail identifying each and every call attempt made from every phone. I then filtered all of the toll-free calls, distilling out the coin-based, operator-assisted, and special purpose calls (911, 211, 411, etc.) In order to identify switch-based resellers receiving calls from my payphones, I had to rely on the

RESPORG database. However, I had no certification or access to this database. By networking and by bartering my data-processing skills, I established a relationship with another company that had RESPORG certification and had paid the \$15,000 or so it costs to be trained and certified to use the RESPORG database. I would generate a file of the unique dial around numbers from my call records and send them to this company. I omitted numbers with call volumes of fewer than 50 calls per quarter. This information was then cross-referenced and returned to me identifying the name of the RESPORG, address, etc. Through actual billing and follow-up I was somewhat successful in getting paid by resellers once I identified RESPORGs that were actually the resellers.

5. I focused my collection efforts on facilities-based carriers and on dozens of “facilities-based” resellers that I had identified. Once I had identified the billable resellers and determined their payments owed, I still faced the daunting task of billing and actually collecting payments from these resellers. Very few of the resellers I billed would make a timely, correct payment – most simply refused to pay anything, either ignoring me or claiming ignorance as to their responsibility. Still others would promise payment and not follow through. Since I had no business relationship with these resellers, and could not block them from using my payphone, they had little if any economic incentive to pay me.

6. What followed in most cases was an unpleasant, labor-intensive process of calling, e-mailing, letter-writing and making repeated demands for payment and/or threats to sue, supported by statistical evidence, to get the resellers to the point where they finally got tired of dealing with me and were willing to pay me. Through these persistent and exhaustive efforts, I was able to collect a significant percentage of the

total dial-around compensation my analysis indicated I was owed by resellers who ultimately did pay.

7. Thus, by going through this difficult and labor-intensive process, I did manage to improve my compensation collections from resellers; however, the labor and expertise required in order to replicate this type of effort are beyond the capabilities and resources of the vast majority of payphone service providers. The time consumed by these tasks is time that could have been spent managing my payphone business and pursuing new and related opportunities.

8. Even so, most resellers steadfastly avoided paying me anything. Of the dozens of responsible switch-based operators that I billed and pursued, only approximately a dozen ever paid me anything. My experience with the largest of the resellers from whom I managed to extract payment is illustrative of the effort necessary to collect from resellers, and also illustrates the difference between the old and new rules, as further explained below. In the year 2000 this reseller paid me for a total of about 6,000 calls, a small fraction of what my analysis indicated the reseller owed. After identifying this disparity, I made extraordinary efforts to secure additional payment. I prepared a spreadsheet itemizing each call that belonged to that carrier, filtering out all calls with durations of 40 seconds or less. Each record showed the originating ANI, the destination ANI (the dial around number), the time of day of the call, and the RESPORG. An invoice along with the detail on paper and on CD was overnighted to the individual responsible for dial around. The invoice deducted any payments already made for that period through my aggregator. My records were challenged repeatedly but I was able to show that I had command of the facts. The carrier understood that I was prepared to file a complaint with the FCC if, in fact, they continued to delay

payment or further obfuscate the issue. It ultimately became very clear to this reseller that I was in possession of the facts and their claimed call counts were highly inaccurate. As a result of these efforts, in 2001 this reseller paid for about 49,000 calls. A large percentage of this payment represented a "true-up" for prior years in which the reseller implicitly conceded it had failed to pay the full amount owed. I am not aware of any other PSP who was able to obtain a comparable improvement in payments from this reseller. The providers of the payphones on the routes that I manage certainly did not succeed in collecting comparable payments.

9. With the FCC's adoption of the amended rule effective November 23, 2001, this whole picture changed. I estimate that in the absence of the extraordinary efforts I have described above, I was collecting about 60% of the total dial around I was due. The 60% was made up of the payments by the IXC's and the handful of resellers who were paying some dial around. Today I collect an estimated 98% of my dial-around compensation payments from the top six carriers – AT&T, MCI/WorldCom, Sprint, Qwest, Global Crossing, and Verizon. I don't have to deal with resellers at all, and the extraordinary effort required to improve my collections above the 60% level are unnecessary. Moreover, I can now rely on CIC-based data provided by the LEC / CLEC to audit carrier payments, without having to go through the laborious process of obtaining RESPORG information and identifying which RESPORGs are switch-based resellers in order to match reseller identities with toll-free numbers from my calling records. My experience is that CIC-identified call records also have a much closer correlation with actual carrier responsibilities and ultimately with carrier payments.


10. Dealing solely with the first facilities-based carrier, I am far more likely to be paid correctly the first time. For example, in 2002, I was paid by the first facilities-

based carrier for 56,000 calls for the identical toll-free numbers belonging to the reseller that paid me for only 6,000 calls in 2000. And although I was eventually able to collect from that reseller for an additional 49,000 calls in 2001, it took far less effort for me to collect from facilities-based carriers for the 56,000 calls in 2002, than to collect from the reseller for 49,000 calls in 2001. While I still need to follow through in some cases to ensure accurate payment from first underlying carriers, my estimates indicate that currently I am collecting 98-99% of what my records indicate these carriers owe. Moreover, the CIC data now available from the LECs/CLECs obviate the need for independent PSPs to develop and continually update databases and to have other computer expertise. They can simply get the CIC report and do a simple comparison with the actual dial around compensation paid. There are fewer carriers to track, the carrier identities can be more reliably determined, and the carrier is more willing to accept the data provided by the PSP because the CIC information comes from an independent, disinterested 3rd party — the LEC.

11. Simply put, the rules adopted in the Second Reconsideration Order greatly enhance the ability of a tiny company like mine to actually manage and monitor the dial-around compensation process. With the payment responsibility almost entirely focused on five or six companies, all of whom know and accept that they have a payment obligation under the FCC rules, it is far more practical for a PSP to use the available tools and technology to verify and follow through on questionable dial-around payments.

[The rest of this page is intentionally left blank.]

I declare under penalty of perjury that the foregoing is true and correct.
Executed on June 23, 2003.

A handwritten signature in black ink, appearing to be 'Arthur Cooper', written over a horizontal line.

Arthur Cooper

EXHIBIT 4

Section 64.1300

(a) Except as provided herein, the first facilities-based interexchange carrier ("IXC") to which a completed coinless access code or subscriber toll-free payphone call is delivered by ~~the a local exchange carrier ("LEC")~~ shall compensate the ~~payphone service provider~~ PSP ("PSP") for the call at a rate agreed upon by the parties by contract.

NOTE: If a LEC that originates an access code or subscriber 800 call made using a payphone (or that has such a call delivered to it by an originating LEC) completes that call to an end user, or terminates the call to (and receives answer supervision from) a subscriber to a toll-free service, then that LEC is considered to be the "first facilities-based IXC" and is required to pay compensation to the PSP for completed calls as described in this Subpart.

(b) The compensation obligation set forth herein shall not apply to calls to emergency numbers, calls by hearing disabled persons to a telecommunications relay service or local calls for which the caller has made the required coin deposit.

(c) In the absence of an agreement as required by paragraph (a) of this section, the carrier is obligated to compensate the PSP ~~payphone service provider~~ at a per-call rate of \$.24.

Section 64.1310

(a) It is the responsibility of the first facilities-based IXC ~~interexchange carrier~~ to which a compensable coinless access code or subscriber toll-free payphone call is delivered by the ~~local exchange carrier~~ LEC to track, or arrange for the tracking of, each such call so that it may accurately compute the compensation required by Section 64.1300(a). The first facilities-based IXC ~~interexchange carrier~~ to which a compensable coinless payphone call is delivered by ~~the a local exchange carrier~~ LEC must also send back to each PSP ~~payphone service provider~~ at the time dial around compensation is due to be paid a statement in computer readable format indicating: (1) the toll-free and access code numbers that ~~the a~~ LEC has delivered to the carrier, (2) the reseller name, address, telephone number, and e-mail address for each toll-free number belonging to a reseller, as well as the name of the IXC billing contact, and (3) the volumes of call attempts and completed calls for each toll-free and access code number each ~~reseller~~ carrier has received from each of that PSP ~~payphone service provider's~~ payphones, unless the ~~payphone service provider~~ PSP agrees to other arrangements.

NOTE: If a LEC that originates an access code or subscriber 800 call made using a payphone (or that has such a call delivered to it by an originating LEC) completes that call to an end user, or terminates the call to (and receives answer supervision from) a subscriber to a toll-free service, then that LEC is considered to be the “first facilities-based IXC” and is required to track, or arrange for the tracking of, each coinless access code or subscriber toll-free payphone call so that it may accurately compute the compensation required by Section 64.1300(a) and must also provide the information required by Section 64.1310(a) unless the PSP agrees to other arrangements.

(b) The first facilities-based ~~interexchange carrier~~ IXC to which a compensable coinless payphone call is delivered by the ~~local exchange carrier~~ LEC may obtain reimbursement from its reseller and debit card customers for the compensation amounts paid to ~~payphone service provider~~ PSPs for calls carried on their account and for the cost of tracking compensable calls. Facilities-based carriers and resellers may establish or continue any other arrangements that they have with ~~PSP payphone service providers~~ for the billing and collection of compensation for calls subject to Section 64.1300(a), if the involved ~~payphone service provider~~ PSPs so agree.

(c) For toll-free and access code calls that the IXC terminates to a reseller’s switch, the IXC must implement its compensation obligations, with respect to all calls terminated to a particular reseller, in accordance with paragraph (1), paragraph (2) or paragraph (3) immediately following.

(1) The first facilities-based IXC may compensate the PSP based on the first facilities-based IXC’s call completion percentages. Each such percentage will reasonably reflect the completion percentages experienced by the first facilities based IXC for markets comparable to the markets, served by the reseller. These percentages shall be periodically adjusted, or

(2) The first facilities-based IXC may use a timing parameter of forty-five (45) seconds to determine completed calls. Once forty-five (45) seconds after answer supervision from the reseller’s switch has elapsed, the first facilities-based IXC shall treat the call as complete. Calls exceeding a length of 15 minutes are treated as (2) calls, with each fifteen (15) minute increment after the first two(2) treated as another call, or

(3) By agreement with the reseller, the IXC may compensate PSPs only for toll-free and access code calls that are completed to the called party. Upon execution of the agreement with the reseller, the IXC must identify to each PSP the name and address of that reseller and the toll-free and access code numbers that are covered by the IXC’s agreement with the reseller. The IXC must obtain from the reseller a data feed showing all compensable calls, and must provide to each PSP, at the time dial-around compensation is due

of compensable calls, for each of the reseller's toll-free and access code numbers, that originated from each of the PSP's payphones. Additionally, the IXC must provide to each PSP, at the time dial-around compensation is due to be paid, a statement in computer readable format indicating the volumes of calls for which answer supervision was received in the IXC's network, for each of the reseller's toll-free and access code numbers, that were delivered from each of the PSP's payphones.

~~(e)(d)~~ ~~Local Exchange Carriers~~ LECs must provide to carriers required to pay compensation pursuant to Section 64.1300(a) a list of payphone numbers in their service areas. The list must be provided on a quarterly basis. ~~Local Exchange Carriers~~ LECs must verify disputed numbers in a timely manner, and must maintain verification data for 18 months after close of the compensation period.

~~(d)(c)~~ ~~Local Exchange Carriers~~ LECs must respond to all carrier requests for payphone number verification in connection with the compensation requirements herein, even if such verification is a negative response.

~~(e)(f)~~ A ~~payphone service provider~~ PSP that seeks compensation for payphones that are not included on the ~~Local Exchange Carrier~~ LEC's list satisfies its obligation to provide alternative reasonable verification to a payor carrier if it provides to that carrier: (1) A notarized affidavit attesting that each of the payphones for which the ~~payphone service provider~~ PSP seeks compensation is a payphone that was in working order as of the last day of the compensation period; and (2) Corroborating evidence that each such payphone is owned by the ~~payphone service provider~~ PSP seeking compensation and was in working order on the last day of the compensation period. Corroborating evidence shall include, at a minimum, the telephone bill for the last month of the billing quarter indicating use of a line screening service.

CERTIFICATE OF SERVICE

I hereby certify that on June 23, 2003, the foregoing Comments of the American Public Communications Council on Further Notice of Proposed Rulemaking was filed electronically and copies were e-mailed to the following. The parties are also being served by hand delivery on June 24, 2003.

Jeff Carlisle
Senior Deputy Bureau Chief
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W., Room 5-C356
Washington, DC 20554

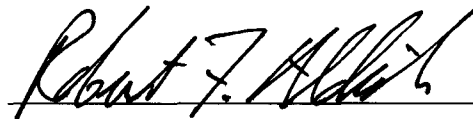
Jack Yachbes
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Darryl Cooper
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Gregory Cooke
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Joshua Swift
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Robert Tanner
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554


Robert F. Aldrich